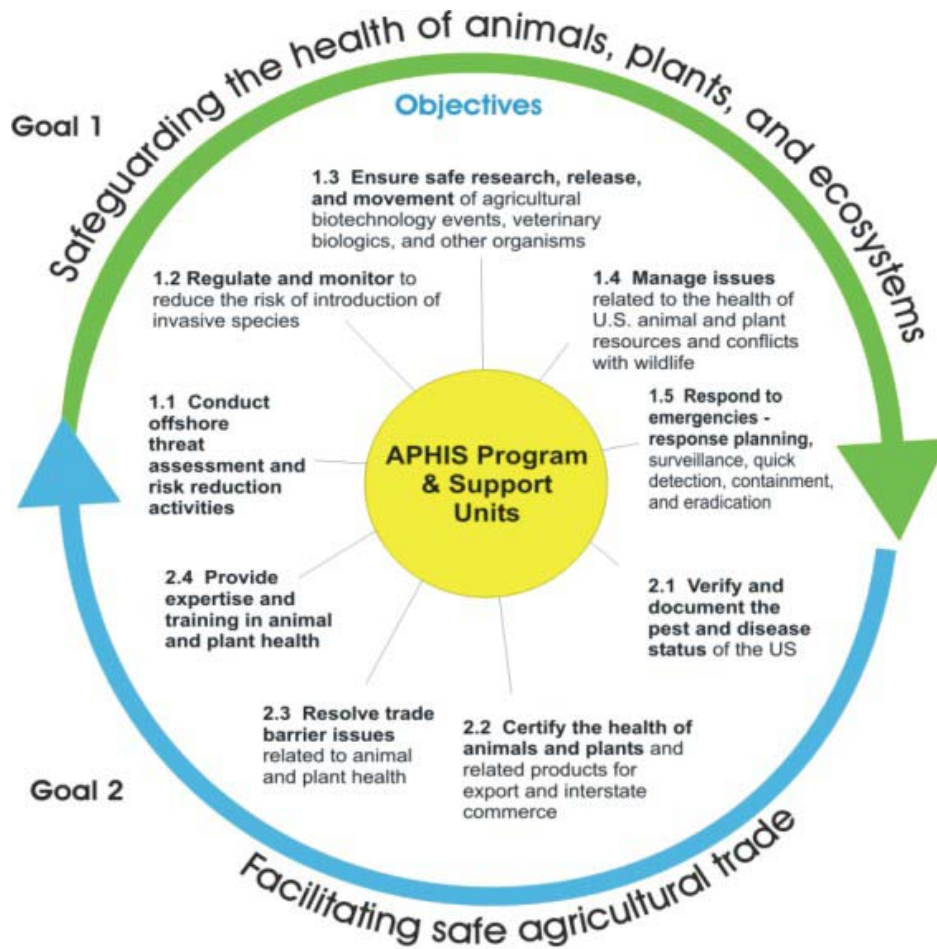


ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Statement of Mr. Bobby R. Acord, Administrator, Animal and Plant Health Inspection Service, before the House Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies.

Mr. Chairman and members of the Subcommittee, it is indeed a pleasure for me to represent the Animal and Plant Health Inspection Service (APHIS) before you today. APHIS is an action-oriented agency that works with other Federal agencies, Congress, States, agricultural interests, and the general public to carry out its mission to protect the health and value of American agriculture and natural resources. APHIS strives to assure its customers and stakeholders that it is on guard against the introduction or reemergence of animal and plant pests and diseases that could limit production and damage export markets. At the same time, APHIS monitors for and responds to potential acts of agricultural bioterrorism, invasive species, diseases of wildlife and livestock, and conflicts between humans and wildlife. APHIS also addresses sanitary and phytosanitary trade barriers and certain issues relating to the humane treatment of animals. Finally, APHIS ensures that biotechnology-derived agricultural products are safe for release in the environment. We have developed a strategic plan to help us accomplish these objectives, and I would like to report on our Fiscal Year (FY) 2003 protection efforts and our FY 2005 budget request in that context.

APHIS' Protection System



APHIS' protection system is based on a strategic premise that *safeguarding the health of animals, plants, and ecosystems makes possible safe agricultural trade and reduces losses to agricultural and natural resources*. All nine objectives in the protection system are key components of this strategic premise. Failing to succeed in any one objective will eventually lead to overall failure, and American farmers will not reach their potential export markets. Additionally, the protection system is a key component of USDA's Homeland Security role. The United States has a vital stake in the health of American agriculture, both economically and in terms of feeding our people and many throughout the world. Terrorists could well recognize that vital stake and seek to attack it.

Five Objectives for Safeguarding Health of Animals, Plants, and Ecosystems

Objective 1.1 – Conduct offshore threat assessment and risk reduction activities. In this era of increasing globalization and advancing technologies, APHIS must constantly assess the exotic health threats approaching our borders, and engage in offshore pest or disease eradication activities when the threat is imminent and the potential impact severe.

To prevent the introduction of costly foreign animal diseases into the United States, our *Foreign Animal Diseases (FAD) and Foot-and-Mouth Disease (FMD) program* works to detect and control outbreaks of animal diseases in foreign countries, again far from our shores. This is our first line of defense against foreign animal diseases and has become more significant as international trade and travel have increased. APHIS conducts operations overseas through bilateral agreements and works with multilateral organizations, such as the International Office of Epizootics (OIE). Last year, for example, through an agreement with Panama and Mexico, we collected 1,260 samples of suspected vesicular disease throughout Central America from field investigations and tested the samples in Panama. Fortunately, all tested negative for FMD, while 639 were diagnosed as vesicular stomatitis.

Through our *Fruit Fly Exclusion and Detection program*, we cooperate with the Governments of Mexico, Guatemala, and Belize on the Moscamed program to eradicate and control the Mediterranean Fruity Fly (Medfly), which could cause \$2 billion in losses if it became established in the United States. Moscamed's current top priorities are to eradicate the Medfly from Chiapas, Mexico, and move the barrier south into Guatemala in an effort to achieve

APHIS' and its cooperators' goal of eradicating Medfly from Central America and thereby providing more secure prevention against the threat Medfly poses to the United States. A major component of the program is the production and release of sterile flies to disrupt normal reproduction. In FY 2003, the Central America Medfly program produced 2.2 billion sterile fruit flies a week, exceeding its goal of producing 2 billion per week. This production increase allowed more flies to go to the preventive release program in the United States.

Through our *Tropical Bont Tick program*, APHIS employees are preventing the introduction of heartwater and other diseases transmitted by tropical bont ticks into the livestock industry and wildlife populations of the United States from affected Caribbean islands. The cooperative program has eradicated ticks from six of the nine islands involved so far, bringing us closer to our goal of eradicating this pest from the Western Hemisphere.

Objective 1.2 – Regulate and monitor to reduce the risk of introduction of invasive species.

APHIS regulates the import of agricultural products, including commercial shipments and items carried into the United States by travelers, to prevent the entry of foreign pests and diseases. We work closely with the Department of Homeland Security (DHS) to monitor and intercept items that arrive at ports of entry.

In FY 2003, APHIS and DHS agricultural employees inspected the baggage of nearly 74 million arriving passengers. Passenger baggage is inspected manually, with x-ray technology, or through the use of detector dogs. Agricultural inspectors also cleared 54,033 ships and 3,128,660 cargo shipments. In cooperation with DHS, we increased the number of cargo

inspections by 43 percent over FY 2002 because of the high entry risk of exotic wood boring and bark beetles, like Asian long-horned beetle and emerald ash borer. In total, agricultural inspectors intercepted 82,631 reportable pests at land borders, maritime ports, airports, and post offices. At plant inspection stations, our inspectors cleared 176,761 shipments containing over 1.2 billion plants units (cuttings, whole plants, or other propagative materials) and intercepted 4,260 pests.

Part of APHIS' safeguarding strategy is to prevent the intentional introduction of illegal products through market surveys, investigations, and enforcement action. In FY 2003, our Safeguarding, Intervention, and Trade Compliance (SITC) staff and field personnel seized 15,706 illegal plant products and 488 illegal meat, poultry, and dairy products and found 112 reportable pests. When SITC detects a prohibited item, we identify the item's origin and the responsible shippers, importers, and broker. By maintaining the relevant information in databases, the program can target specific commodities and importers. This year, SITC investigations led to the detection of 82 violations at markets and distributors' warehouses.

APHIS' Animal and Plant Health Regulatory Enforcement program conducts regulatory enforcement activities to prevent the spread of animal and plant pests and diseases in interstate trade. These activities include inspection, surveillance, animal identification, and prosecution. This year, APHIS continued the development of a multi-year project to improve a headquarters-based, on-line computer system to track investigations and automate the enforcement process. The database will help our enforcement efforts by allowing APHIS programs and other agencies

such as the Departments of Homeland Security and Treasury to share critical information and identify individuals, companies, cargoes, carriers, or pathways posing risk.

In FY 2003, APHIS conducted 1,782 investigations involving plant quarantine violations resulting in 142 warnings, 682 civil penalty stipulations, seven Administrative Law Judge decisions, and approximately \$1 million in fines. Regarding animal health programs, we conducted 1,425 investigations, resulting in 210 warnings, 39 civil penalty stipulations, five Administrative Law Judge decisions, and approximately \$44,900 in fines. Also during FY 2003, the program conducted 76 investigations of alleged Swine Health Protection Act violations in Puerto Rico. This was slightly less than the target of 80 investigations, mostly due to providing support for the exotic Newcastle disease outbreak in California.

Objective 1.3 – Ensure safe research, release, and movement of agricultural biotechnology events, veterinary biologics, and other organisms. The growth of agricultural biotechnology hinges on the public's acceptance of this technology as safe, and APHIS' regulatory role is key to ensuring global acceptance. In addition to agricultural biotechnology, the Agency monitors and regulates to ensure safe agricultural research and commercialization activities involving the movement of non-indigenous organisms and veterinary biologics.

APHIS' *Biotechnology Regulatory Services (BRS) program*, created in August 2002, regulates the introduction (importation, interstate movement, and field release) of genetically engineered organisms such as plants, insects, microorganisms and any other organism that is known to, or could be, a pest. APHIS also has determined that BRS may potentially regulate animals, insects,

and other disease agents relevant to livestock health. Through a strong regulatory framework, BRS determines the conditions under which genetically engineered organisms can be introduced into the United States and allows for the importation, interstate movement, and field release of these materials only after rigorous conditions and safeguards are put into place. Under the authority of the Plant Protection Act of 2000, APHIS can pursue penalties for failure to adhere to our regulations, permit conditions, and requirements.

With the creation of our new biotechnology compliance program, we have chosen measures which will accurately and visibly reflect the effectiveness of our inspection efforts for the testing of products which carry a higher degree of perceived risk. We believe that increased frequency of inspections – especially at high risk sites – coupled with efforts to improve the quality of inspections through expanded training, will translate into a high degree of stakeholder and public confidence that these products will be safely confined and not inadvertently enter the food supply. Our performance target for FY 2004 is to inspect 10 percent of low risk sites, 40 percent of medium risk sites at least once during the growing season, and 100 percent of pharmaceutical and industrial sites a total of seven times – five times during the growing season and two times afterwards.

Our *Veterinary Biologics program* continues to ensure that veterinary biologics products are pure, safe, potent, and effective. Our goal is to ensure the availability of quality veterinary biological products for the diagnosis, prevention, and treatment of animal diseases. The program will continue to respond to emerging diseases with expedited reviews and inspections for new veterinary biologics, and it will follow a risk-based approach to inspect and test other products.

In FY 2003, APHIS performed 78 regulatory actions following routine inspections and 24 investigations of possible regulation violations. APHIS' Center for Veterinary Biologics found the marketing of unlicensed veterinary biologics and false or misleading advertising of licensed veterinary biologics in over half of these investigations. Through education, cooperation, and regulatory actions, APHIS helped industry achieve increased compliance with the Virus-Serum-Toxin Act.

Objective 1.4 – Manage issues related to the health of U.S. animal and plant resources and conflicts with wildlife. Agricultural stakeholders also expect APHIS to help solve many types of health-related production issues in the United States. For example, producers need help in dealing with area-wide wildlife damage control problems. Indigenous pest problems affecting multiple States, such as boll weevil and grasshoppers, also require APHIS' attention. We are not alone in these efforts and have good relationships with our State and Tribal partners in conducting these eradication and control programs. That cooperation, in addition to support from academia and industry, is essential for these types of programs to succeed.

We continue to make progress on a number of other animal health programs as well. At the beginning of FY 2003, there was one pseudorabies-quarantined premises in the United States, compared to 12 at the beginning of FY 2002. By the end of FY 2003, there were no swine commercial production premises under quarantine for pseudorabies. As of September 30, 2003, there were 1,776 flocks participating in the Scrapie Flock Certification Program of which 105 are certified, 1,663 are completely monitored, and 8 are selective monitored flocks. This is in

comparison to 1,539 flocks enrolled, 78 flocks certified, 1,452 flocks completely monitored, and 9 flocks selectively monitored as of September 30, 2002. To continually improve on the 46 States, Puerto Rico, and the Virgin Islands as accredited Tuberculosis-free, the program depopulated three dairy herds in California, four beef herds in Michigan, and one beef herd in Texas during FY 2003.

Among a number of protection efforts, APHIS' *Wildlife Services (WS) Operations* program works to protect agricultural crops from wildlife damage, to protect livestock from predation, and to protect human safety by preventing wildlife collisions with aircraft. In FY 2003, the Agency's beaver damage management activities in several States averted \$25 million in impending damage to forest and agricultural resources, waterways and highway infrastructures. As wolf populations continue to increase, so do requests for assistance with wolf predation. As a result, APHIS responded to 179 requests for assistance with wolf predation on livestock or domestic dogs during FY 2003 in Minnesota alone. In the west, APHIS responded to 41 requests for assistance with gray wolf predation in Idaho and 87 requests in Montana. Airports reported approximately 6,100 wildlife strikes to civil aircraft in 2002, with the U.S. Air Force alone reporting more than 3,800 strikes to military aircraft. Wildlife strikes cost civil aviation in the United States over \$480 million in damages in 2002. The requests for APHIS assistance in managing wildlife hazards at airports and military air bases continue to increase. In FY 2003, APHIS wildlife biologists provided wildlife hazard management assistance to over 500 airports nationwide for the protection of human safety and property, compared to only 42 airports in FY 1990 and 409 airports in FY 2002. At JFK International Airport, APHIS biologists have reduced gull strikes by over 80 percent in 2000-2003 compared to strike levels in the early 1990s.

APHIS' *Wildlife Services (WS) Methods Development program*, through the National Wildlife Research Center (NWRC), functions as the research arm of APHIS' Wildlife Services program by providing scientific information for the development and implementation of effective, practical, and socially acceptable methods for wildlife damage management. This helps ensure that high-quality technical and scientific information on wildlife damage management is available for the protection of crops, livestock, natural resources, property, and public health and safety. The program provides technical support for the development of 5 drug/vaccine products through Investigational New Animal Drug Authorizations under the Food and Drug Administration. These materials are under development as wildlife immobilizing agents and contraceptive products. APHIS continued to develop and evaluate non-lethal methods for managing blackbird damage to sunflowers and rice by conducting extensive laboratory testing of registered chemicals for bird repellency characteristics. Scientists continued multi-year research studies at various airports in the United States to reduce wildlife strike hazards. These scientists researched turf management, non-lethal repellents, and dispersal techniques to minimize strikes by gulls, waterfowl, turkey vultures, hawks, and other species that threaten aviation safety. In FY 2003, we met our performance target of testing and/or improving 18 wildlife damage management methods and will maintain this target for FY 2004.

APHIS' *Animal Welfare program* carries out activities designed to ensure the humane care and handling of animals used in research, exhibition, the wholesale pet trade, or transported in commerce. The program places primary emphasis on voluntary compliance through education with secondary emphasis on inspection of facilities, records, investigation of complaints,

reinspection of problem facilities, and training of inspectors. However, when necessary, APHIS personnel investigate alleged violations of Federal animal welfare and horse protection laws and regulations and oversee and coordinate subsequent prosecution of violators through appropriate civil or criminal procedures. In FY 2003, we conducted 365 animal welfare investigations resulting in 172 formal cases submitted for civil administrative action. We also issued 90 letters of warning and resolved 44 cases with civil penalty stipulations resulting in \$56,373 in fines. Administrative Law Judge Decisions resolved another 58 cases resulting in \$668,995 in fines.

Objective 1.5 – Respond to emergencies—response planning, surveillance, quick detection, containment, and eradication. Even though we devote many resources to pest and disease prevention and regulatory compliance to safeguard agricultural health, it is impossible to intercept every potential biological threat. APHIS must have the capacity to quickly respond in order to limit the spread of the outbreak and to eradicate it so that production losses are minimized and exports of affected commodities do not suffer long-term disruptions.

APHIS' *Emergency Management System (EMS)* is a joint Federal-State-industry effort to improve the ability of the United States to deal successfully with animal health emergencies, ranging from natural disasters to introductions of foreign animal diseases. The EMS program identifies national infrastructure needs for anticipating, preventing, mitigating, responding to, and recovering from such emergencies. By Presidential Homeland Security Directive, APHIS is restructuring its emergency response systems according to the National Incident Management System, or NIMS. APHIS implemented the incident command structure in response to the exotic Newcastle disease (END) outbreak in California, Arizona, Nevada, and Texas during FY 2003.

During the END outbreak, APHIS followed the NIMS structure and established five incident command posts in three States.

This same structure was put into place when, on December 23, 2003, laboratory testing at the National Veterinary Services Laboratories indicated that a single cow, slaughtered on December 9, 2003, in Washington State, tested positive for BSE. The world reference laboratory in the United Kingdom confirmed these presumptive results on December 25 for BSE, and we immediately began a swift and comprehensive investigation.

The epidemiological tracing and DNA evidence proved that the BSE positive cow was born on a dairy farm in Alberta, Canada in 1997. She was moved to the United States in September 2001 along with 80 other cattle from that dairy. The epidemiological investigation to find additional animals from the source herd led to a total of 189 trace-out investigations. These investigations resulted in complete herd inventories on 51 premises in three States: Washington, Oregon and Idaho.

On February 9, 2004, APHIS announced that we had completed our field investigation of the BSE case in Washington. During our investigation, a total of 255 “Animals of Interest”—animals that were or could have been from the source herd—were identified on 10 premises in Washington, Oregon and Idaho. All 255 animals were depopulated and sampled for BSE testing. Results were negative on all samples. The carcasses from all of the euthanized animals were properly disposed of in accordance with all Federal, State, and local regulations. Consistent with international guidelines on BSE, we focused on tracing the 25 animals born into the birth herd of

the index cow during a 2-year window around her birth. Based on normal culling practices of local dairies, we estimated that we would be able to locate approximately 11 of these animals. In fact, APHIS definitively located 14 of these animals.

We are confident that the remaining animals represent very little risk. Even in countries like the United Kingdom where the prevalence of BSE has been very high, it has been very uncommon to find more than one or maybe two positive animals within a herd.

Thus far in FY 2004, USDA has transferred \$10.5 million from the Commodity Credit Corporation (CCC) to APHIS for BSE-related activities. APHIS is using these funds to respond to the Washington State incident. We are also enhancing BSE surveillance throughout the country by testing at least 40,000 animals from the targeted cattle population, double the number tested in FY 2003. This CCC funding will supplement the funds already set aside for BSE surveillance in APHIS' base appropriation.

On December 30, 2003, Secretary Veneman announced that an international panel of experts would be convened to review our BSE investigative efforts and recommend enhancements to our BSE program. The panel delivered their report on February 4, 2004, and commended USDA for conducting such a comprehensive epidemiological investigation. The panel also made recommendations for further enhancements to the BSE program. The Secretary has been applying all of this information as she considers future actions in regard to BSE. Indeed, we are currently developing a robust surveillance system that takes into account these recommendations for further increases in the number of animals tested, expanding our laboratory testing network,

approving rapid screening tests, working with industry on disposal issues, and enhancing our BSE education and outreach activities.

USDA remains confident in the safety of the U.S. beef supply. Out of an abundance of caution, USDA recalled all meat products processed in the affected slaughter plant the same day as the positive cow. However, the meat presents an extremely low risk to consumers, because all of the central nervous system related tissues – those most likely to contain the BSE agent – were removed from the affected animal during slaughter and did not enter the human food supply.

Even with the recent detection, the United States continues to have a very low BSE risk. An independent assessment conducted by Harvard University in 2001 and again in 2003 demonstrated that even with a detection of BSE in this country, U.S. control efforts would minimize any possible spread of the disease and ultimately eliminate it from the U.S. cattle population. These controls include a long-standing ban on imports of live cattle, other ruminants, and most ruminant products from high risk countries; the Food and Drug Administration's 1997 prohibition on the use of most mammalian protein in cattle feed; and an aggressive surveillance program that has been in place for more than a decade. In each of the past 2 years, the United States tested over 20,000 head of cattle for BSE, which is 47 times the recommended international standard.

We opened the APHIS Emergency Operations Center (AEOC) in March 2003. The AEOC is a state-of-the-art facility that allows a national management response team to communicate with field personnel and USDA leadership during an outbreak situation. Communications capabilities

include video teleconferencing, advanced computer interfaces, geographical information system mapping, and a strong multimedia component.

Through the *Pest Detection program*, APHIS and its State cooperators work to ensure the early detection of harmful or invasive plant pests and weeds through the Cooperative Agricultural Pests Survey (CAPS) program. The CAPS program provides the domestic infrastructure necessary to conduct national surveys for plant pests and weeds and document the results in a national database, the National Agricultural Pest Information System (NAPIS). NAPIS provides a summary of pest survey results and allows APHIS to track the spread of pests within the United States, demonstrate their presence or absence, plan their control, and support the export of agricultural commodities. APHIS is currently engaged in a multi-year effort to enhance its early detection program through an increased level of communication and cooperation with its State partners, increased staffing levels, the use of new technology, and a new focus on international pest risk analysis. These efforts will help us meet our goal of detecting significant pest introductions before a new pest can cause serious damage. Finding newly arrived exotic pests before they spread will reduce the money spent on costly eradication programs and prevent losses to farmers and our natural ecosystems.

APHIS has completed pest risk assessments for ten of the 18 pests on the national CAPS list for FY 2003 and 2004 and is working with State cooperators to develop State CAPS lists. We are also instituting CAPS committees at the State, regional, and national levels to ensure that stakeholders are involved in the process of targeting pests for survey. In FY 2003, APHIS and 21 States conducted the Exotic Wood-Borer and Bark Beetle Survey, one of our new

commodity-or resource-based surveys. While the data is still not complete, this year's survey turned up evidence of three new forest pests previously not known to exist in the United States. We believe that these new pests provide strong evidence of the need for the nationally directed and risk-based detection program that we are currently implementing.

APHIS' *Animal Health Monitoring and Surveillance program* continues to conduct activities such as: monitoring and surveillance of various animal disease programs, foreign animal disease surveillance and detection, emergency disease preparedness and response, animal health monitoring, and epidemiologic support and delivery for both ongoing disease programs and post-disease eradication programs. For example, APHIS completed the Scrapie Ovine Slaughter Surveillance project sample collection by gathering 12,508 samples from 22 slaughter plants and one slaughter market. Losses from affected flocks cost producers approximately \$20 to \$25 million annually.

APHIS has been challenged with numerous emergencies over the last several years. However, we took quick and aggressive action to address the following plant and animal situations: Asian Longhorned Beetle, Chronic Wasting Disease, Citrus Canker, Emerald Ash Borer, Exotic Newcastle Disease, Karnal Bunt, Mediterranean Fruit Fly, Mexican Fruit Fly, Pierce's Disease/Glassy-winged Sharpshooter, Rabies, Spring Viremia of Carp, and Tuberculosis. The Secretary used her authority to transfer over \$378 million to battle these pests and diseases. Without the quick detection and early, rapid response, the cost to control these outbreaks would have undoubtedly been higher.

Four Objectives for Facilitating Safe Agricultural Trade

APHIS' two goals of safeguarding U.S. agriculture and facilitating international agricultural trade reinforce each other. By protecting and documenting the health of our agricultural products, we can retain existing markets and open new markets for our farmers. By facilitating safe trade with other countries (including activities such as monitoring world agricultural health and helping developing countries build regulatory capacity), we help ensure that imported products will not threaten our domestic production capability and health status.

Objective 2.1 – Verify and document the pest and disease status of U.S. agriculture and related

ecosystems. The World Trade Organization's (WTO) Sanitary and Phytosanitary (SPS) Agreement and the North American Free Trade Agreement commit countries to recognizing disease- and pest-free areas within a country even if a particular pest or disease exists elsewhere in the nation. This concept of regionalization has resulted in APHIS' becoming increasingly involved in demonstrating our pest and disease free status to allow agricultural exports to trading partners.

APHIS' *Pest Detection program* conducted 150 surveys to document the pest status of our plant resources and support U.S. producers' ability to export their products. For example, by collecting extensive survey data demonstrating the limited distribution of Karnal bunt in the United States, APHIS provides assurance to our trading partners that the disease is not present in major wheat-producing areas of the United States, thereby ensuring annual agricultural exports of up to \$5 billion and supplying the raw ingredients for domestic and foreign customers of flour,

pasta, and other wheat products. Plum pox is another case in which the collection of national data has helped to keep budwood markets open by demonstrating the absence of the pest from various areas around the United States.

APHIS officials collaborate with State and other Federal agencies to conduct animal health surveillance activities through the *Animal Health Monitoring and Surveillance (AHMS) program*. These activities include pre- and post-entry testing of imported animals, sample collection at slaughter, and routine testing of animals for export and interstate movement. APHIS also conducts surveillance for domestic animal disease eradication programs, like brucellosis, tuberculosis, chronic wasting disease, and others. This surveillance information allows APHIS to make key regulatory decisions. In doing so, APHIS strives to preserve U.S. exports markets, protect livestock or poultry producers in disease-free areas, and provide the best options possible for those producers who are affected by our regulatory decisions.

When foreign animal disease outbreaks occur in the United States, our trading partners routinely ban U.S. animal and animal product exports until APHIS has the opportunity to confirm the extent of the disease's spread and demonstrate what regulatory actions are being taken to contain it. Last year, the poultry breeding and hatchery industry lost approximately \$1 million per week due to bans by various trading partners on U.S. poultry exports because of exotic Newcastle disease. Our trading partners will lift such bans in unaffected and unregulated areas only if we can convince them that measures are being taken to mitigate the risk of the disease's spread via host commodity exports. Providing our trading partners accurate and detailed information about a foreign animal disease outbreak and the subsequent Federal/State disease management

response is critical. This information gives our trading partners the assurances they need without exposing them to undue risk. Such a regionalized approach helps minimize trade disruption and negative market reactions.

Objective 2.2 – Certify the health of animals and plants and related products for export and interstate commerce. In carrying out this role, APHIS spends well over \$100 million on disease diagnostics and epidemiology and pest detection infrastructure. This infrastructure makes our health certificates credible for trading partners, but it also is instrumental for quickly detecting and limiting the spread of outbreaks of new pests and diseases, part of our emergency response strategy (Objective 1.5).

The *Import/Export program* promotes simple, science-based export conditions and negotiates requirements based on technical-level mitigation and guidelines established by OIE. The program is working hard to strengthen its evaluation and risk assessment capabilities to meet international and domestic responsibilities and respond to international and domestic requests for regionalization in a timely manner. For example, during FY 2003 the Import/Export program increased its capacity to conduct regionalization analyses for foreign markets (import purposes) and domestic markets (export purposes). During the early stages of the exotic Newcastle disease outbreak in FY 2003, many countries – including all members of the European Union – suspended poultry imports from all regions of the United States. APHIS, however, identified END-free regions of the country and helped these regions regain market access. These actions helped protect the entire U.S. poultry export industry, which has an estimated annual worth of \$2.5 billion.

APHIS' Agricultural Quarantine Inspection program facilitates the export of agriculture shipments through EXCERT, an electronic database containing plant health import requirements for over 200 countries. APHIS export certifications ensure that U.S. products meet the agricultural requirements of the country of destination. In FY 2003, APHIS issued over 400,000 Federal plant health export certificates for agriculture shipments, including the issuance of heat treatment certificates for coniferous solid wood packing materials to the People's Republic of China.

Objective 2.3 – Resolve trade barrier issues related to animal and plant health. Because of APHIS' expertise in animal and plant health issues and our regulatory role (Objective 1.2), the Agency serves as a key resource for trade policy agencies, like the Foreign Agricultural Service and the U.S. Trade Representative, in resolving sanitary and phytosanitary issues that often become trade barriers (Objective 2.3). The negotiations that occur to resolve these issues often result in trading partners providing additional information about the pests or diseases in question, and this information in turn leads to more effective preventive regulatory strategies.

Officials with the *Trade Issue Resolution and Management* program work to minimize trade disruptions caused by animal and plant health issues. In FY 2003, APHIS retained poultry markets in Japan, Korea, and the Philippines worth over \$169 million, expanded market access for apples in Mexico worth \$88 million, and opened new markets for seed potatoes to Uruguay and apricots from the Pacific Northwest to Mexico. Additionally, APHIS expanded market access for U.S. cherries, canola seed, and potatoes in Mexico, and with the concerted efforts of

APHIS, Foreign Agricultural Service, and the Office of the United States Trade Representative, we retained markets for wheat in Argentina and Peru.

When individual agricultural shipments are held up at foreign ports, APHIS attachés correct problems and negotiate with host government officials to facilitate the shipment's acceptance. APHIS obtained authorization for apples at four additional ports of entry in Mexico resulting in the release of a \$5 million apple shipment. In addition, APHIS facilitated \$1 million worth of U.S. cotton in Chile, three rice shipments in Costa Rica and Guatemala, the release of \$13 million in citrus shipments held by Japanese officials, and the waiving of phytosanitary certification with Romanian officials for soy beans, allowing a shipment of 14,000 tons of soybeans valued at over \$3 million.

Objective 2.4 – Provide expertise and training in animal and plant health. The WTO's SPS Agreement requires member countries to provide technical assistance to developing countries to enable those countries to participate more fully in the global trade arena. Using cooperative agreements, preclearance trust fund agreements, and other international arrangements, APHIS provides many countries with technical assistance to strengthen their animal and plant health infrastructure, risk assessment capacity, and food production capabilities (Objective 2.4). By doing this, APHIS not only fulfills requirements for the SPS Agreement but also improves offshore threat assessment and risk reduction capabilities (Objective 1.1).

APHIS attachés continue to identify specific weaknesses in foreign regulatory systems and provide technical assistance where appropriate. Capacity building improves foreign countries'

regulatory infrastructure, U.S. relationships with key foreign officials, U.S. regulatory concepts and approaches, and, ultimately, the agricultural health status of the foreign country.

In FY 2003, the *Veterinary Biologics program* continued working with the Committee of the Americas for the Harmonization for Registration and Control of Veterinary Medicines (CAMEVET). The objectives of this committee include coordinating technical information for the registration and control of veterinary medicines. The intention of this program is to exchange information and harmonizes technical procedures to improve the quality of veterinary medicines and the trade of products among countries in the Americas.

A part of APHIS' *Veterinary Diagnostics program* assists foreign governments in the diagnosis of animal diseases by maintaining national and international laboratory recognition with the highest quality reference assistance and by conducting developmental projects for rapidly advancing technologies. In FY 2003, as an OIE reference laboratory, APHIS' National Veterinary Services Laboratories (NVSL) continued to use their diagnostic expertise to provide training, consultation, and assistance to both domestic and international laboratories. NVSL prioritized the evaluation/validation of new technologies such as the exotic Newcastle disease and Avian Influenza polymerase chain reaction and Chronic Wasting Disease kits to offer new tools for control of certain key diseases. NVSL also shipped 117,095 vials of reagents to domestic and foreign customers to meet critical testing needs. And, NVSL acquired a new chemistry analyzer for blood screening purposes and doubled the number of fraudulent cases detected over those detected in FY 2002. The fraudulent blood testing program at NVSL helps to assure confidence in the health of animals exported from the United States to other countries.

New Direction

After evaluating the current challenges and opportunities that exist today, APHIS has developed a new strategic plan of action that will set the Agency's course over the next 5 years. During this time, APHIS is committed to focusing on the following overarching goals: safeguarding the health of animals, plants, and ecosystems in the United States; facilitating safe agricultural trade; and ensuring effective and efficient management of programs to achieve its mission.

As part of its new strategic plan, APHIS intends to strengthen key components of its protection system by focusing on the following objectives:

- Ensuring the safe research, release, and movement of agricultural biotechnology;
- Strengthening the Agency's emergency preparedness and response;
- Resolving trade barriers related to sanitary and phytosanitary requirements;
- Reducing domestic threats through increased offshore threat-assessment and risk-reduction activities;
- Reducing the risk of invasive species introductions by enhancing risk-analysis capabilities; and,
- Managing issues related to the health of U.S. animal and plant resources and conflicts with wildlife.

FY 2005 Budget Request

APHIS has developed its FY 2005 Budget Request in the context of the Strategic Plan, the overriding imperative of Homeland Security, and the need to restrain Federal spending. The FY 2005 Budget Request for Salaries and Expenses under current law totals \$828.4 million or \$112 million more than the FY 2004 Consolidated Appropriations Act. About \$8.5 million is for the cost of the pay raise.

The FY 2005 increase, approximately 15.5 percent above the FY 2004 appropriation, is for initiatives designed to address the increasing threats to the health of American agriculture and Homeland Security and to support the President's Food and Agriculture Defense Initiative. About 40 percent of the increase, approximately \$45.4 million, is an investment to substantially reduce the over \$378 million FY 2003 emergency transfers and to protect and expand the \$53 billion annual agricultural export market by fully funding Federal costs up front in the budget. Other notable increases stem from the highest priority components of APHIS' Strategic Plan and the Food and Agriculture Defense Initiative. APHIS' request for FY 2005 contains \$94.36 million for programs that support the Food and Agriculture Defense Initiative, an increase of nearly \$50 million over FY 2004.

Highest Priority Components of the Strategic Plan and Homeland Security

APHIS proposes to increase funding for the Biotechnology Regulatory Services program by \$6.544 million. This will enable us to inspect all high risk fields five times during the growing season and two times in the subsequent season to provide the maximum confidence level that pharmaceutical and industrial developments are managed safely. Such a confidence level is necessary to convince skeptics and trading partners that these, and other biotechnologically

derived products, are safe. That confidence is vital to the growth of the industry and American agriculture.

We propose to increase the Import-Export program by \$3 million and the Pest Detection program by \$1.5 million to fulfill APHIS' responsibilities under the Bioterrorism Preparedness and Response Act of 2002. APHIS must regulate possessors and users of "select agents," toxins and pathogens necessary for research and other beneficial purposes which could be deadly in the hands of terrorists.

In light of the first BSE case in the United States, we propose increasing the Animal Health Monitoring and Surveillance program by an additional \$8.641 million to support enhanced BSE surveillance to maintain the confidence of the American people in the safety of the beef supply and allow us to continue our efforts to prevent the introduction and spread of BSE in the U.S. cattle population. In this program, we also request \$33.197 million to accelerate implementation of a National Animal Identification program. Timely tracebacks of animals are integral to a rapid response and recovery to incursions of animal illness and foreign animal disease.

Early detection of new animal and plant pest or disease introductions has the potential to significantly reduce eradication costs and producer losses and, accordingly, is a high priority for APHIS. We propose to increase the funding available to our State cooperators through cooperative agreements for plant pest surveys and animal health monitoring efforts by \$15.2 million (including \$9.1 million for the Pest Detection program and \$6.1 million for the Animal Health Monitoring and Surveillance program). In addition to requesting increased funding to

provide to our cooperators, we are proposing a \$6.202 million increase for the Pest Detection program to enhance our pest detection infrastructure and national coordination efforts. By establishing basic capacity in all 50 States now, we will enhance our ability to find and contain pests and diseases like citrus canker, Asian longhorned beetle, emerald ash borer, Karnal bunt, exotic Newcastle disease, and avian influenza before they become widespread and require expensive emergency eradication programs. Similarly, we request an increase in the Wildlife Services Operations program by \$5 million to expand infrastructure to monitor and gather data on the disease status of free-ranging animals and integrate this data with existing agricultural animal health monitoring systems. APHIS will use this information to detect and respond to disease outbreaks in wildlife populations and mitigate the risk of wildlife diseases transmission to farmed livestock.

The budget requests a \$5 million increase for the Biosurveillance program to enhance several data collection systems already in use, allowing us to improve our surveillance capabilities and establish connectivity with the integration and analysis function at DHS. The increase will also allow us to increase the number of foreign animal diseases tests we can run at the National Veterinary Services Laboratories and approved State laboratories.

The increase of \$3.149 million in the Trade Issue Resolution and Management program will allow APHIS to place more officials overseas to facilitate the entry of U.S. agricultural products and to help establish international standards based on sound science. Having APHIS attachés on site in foreign countries pays dividends weekly. They can intervene when foreign officials raise

false barriers to the entry of individual American export shipments. In 2002, APHIS attachés successfully intervened to clear shipments worth \$53 million in such cases.

We propose to increase the Low Pathogenic Avian Influenza (LPAI) program by \$11.783 million to conduct a vigorous surveillance and control program in the live bird markets in the Northeast—the most threatening continuing reservoir of LPAI in the United States. Eliminating LPAI in these markets would help prevent costly eradication programs like the one we conducted in Virginia in 2002. It also would remove a barrier to poultry exports—a \$2.2 billion market—that many countries have or are threatening to invoke. OIE is likely to upgrade LPAI status to “List A,” which could result in more restrictions on our exports if we do not move to eradicate LPAI in the United States.

We also propose to increase the Foot and Mouth Disease/Foreign Animal Disease program by \$4.229 million to further our goal of reducing domestic threats through increased offshore threat assessment and risk-reduction activities by placing more officers overseas to monitor animal disease incidence and assist foreign countries in controlling outbreaks. We propose to increase the Pest Detection program by \$3.875 million to do the same for plant pests and diseases. We request an increase in the Tropical Bont Tick (TBT) program by \$2.495 million to eradicate TBT from Antigua completely and quickly prevent threats to other islands already free, to control and eradicate TBT from St. Croix, and establish surveillance on other U.S. islands and mainland to determine if TBT has spread.

We propose to increase the Emergency Management Systems program by \$10.625 million to enhance animal health emergency preparedness throughout the United States and to work with Canada and Mexico to enhance the North American Foot and Mouth Disease Vaccine Bank to include vaccines for other foreign animal disease of significance. These efforts will help protect our Nation's meat, poultry, and livestock exports, which are valued at \$7.7 billion annually, and the livestock and poultry industries overall, which are valued at \$87 billion.

The budget proposes an increase in the Veterinary Biologics program by \$1.861 million to increase inspections, licensing, and testing of biotechnology-derived veterinary biologics and to enhance tools available to the national animal health laboratory network that would fulfill international standardization requirements. U.S. sales of agricultural biotechnology products (transgenic seeds [excluding rice and wheat], animal growth hormones, biopesticides, and other products) are projected to increase from \$2.4 billion in 2003 to \$2.8 billion by 2006, an increase of \$144 million annually.

The budget proposes an increase in the Veterinary Diagnostics program by \$4.347 million to enhance the national animal health laboratory network and continue its diagnostic work at the Foreign Animal Diseases Diagnostic Laboratory on Plum Island to provide critical services to the animal industry and help protect the U.S. herd against potential acts of bioterrorism.

The request increases the Agricultural Quarantine Inspection program by \$3 million to enhance operations at the National Germplasm and Biotechnology Laboratory to develop technology to detect and identify high-risk plant pathogens as well as protocols for quarantine testing. These

efforts support APHIS' emergency response capabilities, eradication programs, pest exclusion activities, biotechnology permitting programs, and the newly mandated Select Agents program. This increase is offset by a decrease of \$2.771 million associated with inter-line inspections in Hawaii and a decrease of \$1.246 million for FY 2004 equipment investments.

The budget increases the Import/Export program by \$1.355 million to fully develop and begin implementing an automated system to track animal and animal product movements. We are developing this tool in response to increasing global trade and travel and demands for increased efficiency in tracking animals and animal products entering and leaving the country.

Funding to Continue Emergency Programs

APHIS has been battling several pests and diseases that have entered or unexpectedly spread to new areas of the United States over the past few years. Finishing the job is important if we are to achieve the goals we established when these programs began. Chief among these goals is maintaining export markets. Only by aggressively attacking pest and disease introductions can we assure trading partners that the problems are not endemic to the United States and thus not a reason to ban our products from their markets. The budget requests, and the value of the industries and markets at stake, follow.

- Emerald ash borer, \$12.5 million, an increase of \$11.009 million. This pest has emerged as a serious pest in the Northern Midwest States and threatens the ash saw timber industry, with a value of \$25 billion. Much like the Asian Longhorned Beetle, this pest probably arrived via non-agricultural imports and reflects a new threat; not only do the

contents of a container pose a risk, so does the container itself. The budget request would provide for Federal cost-sharing of 75 percent for this program.

- Glassy-winged sharpshooter (vector of Pierce's Disease), \$24 million, an increase of \$1.881 million. Without a program to control Pierce's Disease, the U.S. wine industry could face losses of \$33 billion. The budget request would provide for Federal cost-sharing of 57 percent for this program.
- Citrus Longhorned Beetle (CLHB), \$325,000. The CLHB attacks over 40 varieties of hardwood and fruit trees and has no natural enemies. The CLHB could cause \$41 billion in losses to forest resources nationwide. The budget request would provide for Federal cost-sharing of 100 percent for this program.
- Citrus Canker, \$52.5 million, an increase of \$19.071 million. This program protects the Florida citrus industry worth over \$9 billion. The budget request would provide for Federal cost-sharing of 57 percent for this program.
- Infectious Salmon Anemia, \$235,000. This program protects a part of the burgeoning aquaculture industry—salmon exports of over \$100 million annually. The budget request would provide for Federal cost-sharing of 47 percent for this program.
- Spring Viremia of Carp, \$285,000. This program protects the common and silver carp industries, with a value of \$2.8 billion. The budget request would provide for Federal cost-sharing of 77 percent for this program.
- Chronic Wasting Disease, \$20.1 million, an increase of \$1.478 million. In addition to the potential spread to other species, this program directly protects the elk farming and antler industry (with annual gross receipts of \$150 million) and white-tailed deer farms (with

capital investments estimated at \$2.5 billion). The budget request would provide for Federal cost-sharing of 77 percent for this program.

- Bovine Tuberculosis, \$20.9 million, an increase of \$5.998 million. This program protects the entire livestock industry, which has annual earnings from exports of \$5.4 billion. The budget request would provide for Federal cost-sharing of 57 percent for this program.
- Scrapie, \$20.9 million, an increase of \$5.106 million. This program minimizes losses to sheep and goat producers, who currently incur annual losses of \$20-25 million because of scrapie. The budget request would provide for Federal cost-sharing of 67 percent for this program.

Other Increases

We recognize the need for fiscal restraint, but believe that the following additional investments are important if we are to meet the challenges facing us.

- To support the Biotechnology priority, we request an increase of \$441,000 for the Animal and Plant Health Regulatory Enforcement program to help ensure compliance by investigating alleged violations of permit restrictions regarding pharmaceutical and industrial plants.
- To further improve our pest and disease surveillance and detection capability—both to protect and gain export markets and to prevent recurring, costly emergency programs—we request \$6.171 million for the Fruit Fly Eradication and Detection Program to increase detection trapping in Florida and California.

- To provide the funding requested by the State Department in providing adequate security for APHIS personnel overseas and to continue security and mission critical facilities, we request \$7.133 million in our Physical/Operational Security program
- To establish and maintain liaison positions at key government agencies and to investigate and evaluate disposal techniques for contaminated biological materials, e.g., animal carcasses, we request \$932,000 for our Biosecurity program.
- To continue to modernize our information technology infrastructure to include network capacity planning and management, implementation of eGov initiatives, and cyber security compliance and management, we request \$891,000 in our APHIS Information Technology Infrastructure program.
- To increase nematode resistant potato varieties and regulatory treatments, we request \$184,000 for the Golden Nematode program and to maintain current efficiencies, we request \$451,000 in the Screwworm program.

Decreases

To allow us to fund these high priority programs, we offer key offsets:

With \$15.585 million in reduced funding for the Johne's program, APHIS would rely more on the collaborative working relationship between Federal and State animal health workers. For the Boll Weevil program, we are proposing that the Federal government assume 15 percent of program costs, which in conjunction with the projections of lower nationwide needs, will result in a request of \$17 million, a reduction of \$33.4. To offset the \$5 million increase for the

wildlife surveillance system, we assume a \$5.556 million increase for State cooperators to fund a larger share of the cost of other wildlife management programs such as predator, bird, and invasive species damage. Funding for the Asian longhorned beetle program is requested to be \$9.3 million, or a reduction of \$20.670 million. The FY 2005 request is based on an overall program level consistent with the \$4 million traditionally provided by cooperating (non-Federal) agencies. This would change the program from an eradication program to a control program. The aim is still to protect \$41 billion of U.S. forest resources while facilitating the \$122 billion trade market with China, the source of the pest.

We also propose a reduction of \$10.857 million associated with *animal welfare* user fees. This will allow the industry to cover an estimated 66 percent of the cost of enforcing the animal welfare regulations.

Conclusion

APHIS' mission of safeguarding U.S. agriculture is becoming ever more critical. Although the processes by which we protect America's healthy and diverse food supply are being increasingly challenged, APHIS is committed to taking the lead in building and maintaining a world-class system of pest exclusion, surveillance, detection, diagnosis, and response. Like the APHIS Strategic Plan, the APHIS Budget consists of interdependent components that only when taken together can truly protect the health and value of American agriculture and natural resources.

On behalf of APHIS, I appreciate all of your past support and look forward to even closer working relationships in the future. We are prepared to answer any questions you may have.

